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C O N F I D E N T I A L SECTION 01 OF 03 TOKYO 002655

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E.O. 12958: DECL: 05/15/2031

TAGS: PREL APEC ARF CH KS IN JA

SUBJECT: S/P DIRECTOR KRASNER'S MAY 11 MEETING WITH ASIAN AFFAIRS DG SASAE ON CHINA, ASIAN ARCHITECTURE, SOUTH KOREA AND INDIA

REF: A. TOKYO 2575
1B. TOKYO 2609
1C. TOKYO 2610
1D. TOKYO 2612
1E. TOKYO 2637
1F. TOKYO 2638
1G. TOKYO 2639
1H. TOKYO 2640
1I. TOKYO 2650

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Classified By: Charge d'Affaires, a.i., Joe Donovan. Reasons:1.4(b/d).

11. (C) Summary: MOFA Asian Affairs DG Sasae told visiting S/P Director Stephen D. Krasner that:

-- China is seeking to improve its relations with Japan;
-- Japan's participation in Asian regional groupings can and will be consistent with U.S. and Japanese goals for APEC;
-- Sasae personally believed the EAS should merge with APEC;
-- Japan was trying hard to avoid confrontation with South Korea and the ball is in the ROK's court; Japan will respond to ROK's moves;
-- India should play a larger role in East Asia and global affairs.

End Summary.

China

12. (C) During a May 11 meeting, MOFA Asian Affairs Bureau DG Kenichiro Sasae told visiting S/P Director Stephen D. Krasner that he had just returned from attending the May 7-9 vice-ministerial talks in Beijing (ref A) where it was evident China is trying to improve its relations with Japan. Realizing that Chinese complaints about Prime Minister Koizumi's visits to Yasukuni Shrine had provoked a backlash among the Japanese people, China now wants to take steps to improve relations, Sasae believes. In Beijing, the two MFA vice ministers agreed to seek an early meeting between FM Taro Aso and FM Li Zhaoxing, with one possible venue being a

meeting on the margins of the late-May Asia Cooperation Dialogue (ACD) meeting in Qatar.

Asian Regional Architecture

¶3. (C) Asked for his views on Asian architecture, DG Sasae acknowledged that finding the proper configuration for an effective regional grouping that combined Asian and Pacific countries was a complicated matter. Asserting that Japan believed that APEC and the ARF should continue to be the basis for U.S. participation in multilateral organizations in the region, even as it pursued involvement in pan-Asian groupings, Sasae said that Japan's participation in other regional and sub-regional organizations would be consistent with its bilateral relationship with the United States and its own participation in APEC and the ARF. Just as NAFTA does not interfere with U.S. participation in trans-Pacific groups, so could Japan's involvement in pan-Asian and trans-Pacific groupings be complementary. He cited the need to take up such functional challenges as energy and the environment in pan-Asian regional organizations, particularly to further press China.

¶4. (C) Sasae said it was his personal view that the East Asia Summit (EAS) was but an intermediate step toward a regional architecture and, ultimately, that the EAS should merge with APEC. Noting that the memberships of such organizations as the EAS, ASEAN Plus 3, APEC and others tended to overlap and also to pursue much the same agenda, such a merger made sense. Sasae stressed the importance to Asian leaders of having the opportunity to meet and discuss issues. The opportunity for personal interaction afforded by these frequent meetings is often more important than the agenda, he asserted. Sasae also strongly advocated U.S. involvement in the EAS, if only as an observer. Noting that

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Russian participation was inevitable, Sasae urged the United States to consider the strategic importance of its participation in the EAS. Japan did not wish to see the United States detached from this process, he stated. Asked about the optic of the United States and Russia being in the same category, Sasae said inclusion in whatever form was better than not being present at all.

¶5. (C) Taking democracy as an organizing principle for regional organization is important, but also challenging because of China, Sasae observed. It will take years for China to democratize, and pressing the PRC for more rapid democratization will not work. He advocated separating democratic transformation from other human rights issues that can be pursued successfully in the near-term.

Japan-South Korean Relations

¶6. (C) Continuing the democracy theme, Sasae observed that Japan's current problems with South Korea were a result of the ROK having only very recently transitioned from dictatorship to a democratic society. The current generation of political leaders, including President Roh, formulated their ideas while fighting dictatorial regimes and now want to assert Korea's ability to determine its own destiny. Such Korean nationalism has caused problems for Japan-ROK relations. Sasae opined that while President Roh has his unique style, wanting to show the ROK public how tough he can be on Japan, Japan-ROK relations were unlikely to improve markedly after Roh's departure from office, as these views were widely held in Korean society and Korea's adjustment to democracy will continue for some time.

¶7. (C) Recognizing the potential for an emotional Korean reaction to bilateral issues, Japan is careful not to provoke confrontation with Seoul, Sasae stated. Territorial issues are a case in point. While Japan might be willing to pursue

creative solutions to conflicting territorial claims, Korea sees the issues as non-negotiable. Therefore, Japan's approach is to maintain the status quo and avoid getting into a debate that might spin out of control. President Roh's desire to change the status quo, however, has caused a number of problems, he averred. The ball, he said, is in the ROK's court. Japan will take no unilateral measures but would need to respond to any Korean moves.

¶8. (C) The joint study of history with South Korea has proven to be quite useful, Sasae noted. Although the Korean scholars tend to take an emotional stance on the issues, mindful of the ROKG's position, rather than taking a strictly academic perspective, the study may make a positive contribution to the textbook controversy. Sasae observed that Japan was still trying to set up a similar process with China, but had yet to work out how it might be done. The treatment of Japan in Chinese textbooks is highly biased, he lamented. The ball, he said, is in the ROK's court. Japan will take no unilateral measures but would need to respond to any Korean moves.

India

¶9. (C) Asked about India's role in East Asia, Sasae stated that India should be invited to play a larger role in the Asia-Pacific region. As a democracy, India has greater potential than China to play a constructive role on global issues, and Indian participation on energy and environmental issues is vital. Observing that New Delhi was now pursuing a "more mature diplomacy," Sasae noted changes in India's relations with the United States, Japan, Russia and China since the end of the Cold War. Moreover, he predicted, China's market will plateau, but India's will remain a magnet for multinational firms as its market continues to expand. India, he said, is improving its relations with the United States, Japan and China simultaneously. India and China would most likely settle outstanding border disputes. Sasae confided that Tokyo is seeking a visit to Japan by Prime Minister Singh "before summer," during which the two sides hope to announce the start of negotiations to conclude a bilateral free trade agreement by next year.

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¶10. (U) Participants:

United States

S/P Director Stephen D. Krasner
Joe Donovan, Deputy Chief of Mission
Evan Feigenbaum, S/P Member
Steve Hill, notetaker
David Wolff, control officer

Japan

Kenichiro Sasae, Director General, Asian and Oceanian Affairs Bureau, MOFA
Kazutoshi Aikawa, Director, Asian and Oceanian Affairs Bureau, Regional Policy Division, MOFA
Osamu Izawa, Principal Senior Foreign Policy Coordinator, Foreign Policy Bureau, Policy Coordination Division, MOFA
Toru Hotta, Deputy Director, Asian and Oceanian Affairs Bureau, Regional Policy Division, MOFA

¶11. (U) S/P Director Krasner cleared this message.
DONOVAN